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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Telecommunications Division
Public Programs Branch**

**RESOLUTION T- 16963
December 1, 2005**

R E S O L U T I O N

Resolution T-16963. Approval of the California High Cost Fund-A (CHCF-A) Administrative Committee Fund Surcharge Rate of 0.21% Effective January 1, 2006.

Summary

This resolution adopts a revised California High Cost fund- A (CHCF-A) surcharge rate of 0.21% effective January 1, 2006, until further revised by the Commission. All certificated telecommunications carriers shall assess a CHCF-A rate of 0.21 % on their end-user's bills rendered for intrastate telecommunications services on January 1, 2006, and thereafter.

Background

The California High Cost Fund (HCF) was implemented by D.88-07-022 as modified by D.91-05-016 and D.91-09-042 to provide a source of supplemental revenues to three mid-size and seventeen small Local Exchange Companies (LECs) whose basic exchange access line service rates would otherwise be increased to levels that would threaten universal service.

The CHCF-A program is funded by a surcharge assessed on consumers' intrastate telecommunications services. Historical CHCF-A surcharge rates since the inception of the program are available online at <http://www.cpuc.ca.gov>.

Discussion

In this Resolution, the Commission adopts a surcharge rate of 0.21% effective January 1, 2006, for the funding of the CHCF-A program through fiscal year (FY) 2006-07.¹ The

¹ On September 22, 2005, the Commission adopted Resolution T-16956 approving a revised budget of \$42.695 million for FY 2005-06 and a budget of \$58.814 million for the CHCF-A program for FY 2006-07. The FY 2005-06

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development of this revised rate is demonstrated in Appendix A. The 0.21% CHCF-A surcharge rate shall take effect on January 1, 2006, until further revised by the Commission.

All certificated telecommunications carriers shall assess a revised CHCF-A surcharge rate of 0.21% on their end-user's bills rendered for intrastate telecommunications services on January 1, 2006, and thereafter.

Comments

In compliance with PU Code § 311 (g), copies of the notice letter were e-mailed on November 1, 2005 to all telecommunications carriers, the CHCF-AC, and the parties of record in R.01-08-002 and A.99-09-044 informing these parties that this draft resolution is available at the Commission's website <http://www.cpuc.ca.gov/static/documents/index.htm> and is available for public comments. In addition, the Telecommunications Division (TD) informed these parties of the availability of the conformed resolution at the same website.

Comments filed on a timely basis will be addressed by the Telecommunications Division in this resolution.

Advice Letter Filing

In accordance with Resolution T-16901, dated December 2, 2004, SBC shall file an Advice Letter on or before December 15, 2005, modifying the CHCF-A surcharge to 0.21% to take effect on January 1, 2006 and thereafter, until further revised by the Commission.

To maximize administrative efficiency, SBC is allowed to file simultaneously on or before December 15, 2005 the revised tariff schedules in compliance with resolutions revising various public program surcharges effective on January 1, 2006 and thereafter in accordance with the provisions of G.O. 96, as modified by first, second, and third interim orders. SBC is not required to inform competing carriers of tariff changes which comply with this resolution.

Findings

1. The California High Cost Fund (HCF) was implemented by D.88-07-022 as modified by D.91-05-016 and D.91-09-042 to provide a source of supplemental revenues to three mid-size and seventeen small Local Exchange Companies (LECs) whose basic exchange access line service rates would otherwise be increased to levels that would threaten universal service.

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2. The CHCF-A program is funded through the CHCF-A surcharge.
3. The development of the CHCF-A revised surcharge rate is shown in Appendix A.
4. The revised CHCF-A surcharge rate of 0.21% should take effect on January 1, 2006, until further revised by the Commission.
5. All certificated telecommunications carriers should assess the revised CHCF-A surcharge of 0.21% on their end-user's bills rendered for intrastate telecommunications services on January 1, 2006, and thereafter, until further revised by the Commission.
6. In accordance with Resolution T-16901, dated December 2, 2004, SBC should file an Advice Letter on or before December 15, 2005, modifying the CHCF-A surcharge rate from 0.15% to 0.21% to take effect on January 1, 2006, and thereafter, until further revised by the Commission.
7. To maximize administrative efficiency, SBC is allowed to file simultaneously on or before December 15, 2005 the revised tariff schedules in compliance with resolutions revising various public program surcharges effective on January 1, 2006 and thereafter in accordance with the provisions of G.O. 96, as modified by first, second, and third interim orders.
8. Copies of the notice letter advising parties of the availability of this draft resolution for public comments and the conformed resolution, when adopted by the Commission on the Commission's web site, were e-mailed to all telecommunications carriers, the CHCF-AC, and the parties of record in R.01-08-002 and A.99-09-044 on November 1, 2005.

THEREFORE, IT IS ORDERED that:

1. The California High Cost Fund-A Administrative Committee (CHCF-A AC) fund surcharge rate of 0.21% effective January 1, 2006, and thereafter, until further revised by the Commission, is adopted.
2. In compliance with Resolution T-16901, dated December 2, 2004, SBC shall file an Advice Letter on or before December 15, 2005, modifying the surcharge rate for the CHCF-A AC fund to 0.21%, effective January 1, 2006, and thereafter, until further revised by the Commission.
3. To maximize administrative efficiency, SBC is allowed to file simultaneously on or before December 15, 2005 the revised tariff schedules in compliance with resolutions

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revising various public program surcharges effective on January 1, 2006 and thereafter in accordance with the provisions of G.O. 96, as modified by first, second, and third interim orders.

4. All certificated telecommunications carriers shall assess the revised CHCF-A AC fund surcharge of 0.21% on their end-user's bills rendered for intrastate telecommunications services on January 1, 2006, and thereafter, until further revised by the Commission.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 1, 2005. The following Commissioners approved it:

STEVE LARSON
Executive Director

APPENDIX A

CALIFORNIA HIGH COST FUND-A ADMINISTRATIVE COMMITTEE FUND			
FORECASTED RESULTS OF OPERATIONS FOR FY 2005-06 and FY 2006-07			
		FY 2005-06	FY 2006-07
A	TELECOMMUNICATIONS REVENUE SUBJECT TO SURCHARGES ¹	\$20,623,716,147	\$20,623,716,147
B	SURCHARGE RATES		
a	effective April 1, 2005	0.15%	
b	effective January 1, 2006	0.21%	0.21%
1	BEGINNING FUND BALANCE	\$24,971,509	\$19,847,179
2	REVENUES		
a	Surcharges (based on surcharge rates in Ln A and Ln B)	\$37,122,689	\$43,309,804
b	Investment Income (based on projected cash flow)	\$447,981	\$243,302
c	Total 05-06 Revenues (sum of a and b)	\$37,570,670	\$43,553,106
3	ADOPTED PROGRAM EXPENSES	\$42,695,000	\$58,813,831
4	FUND BALANCE (Ln 1 + Ln 2c - Ln 3)	\$19,847,179	\$4,586,454
5	Required surcharge rate w/o prior year accumulated fund balance (Ln 3/Ln A) *	0.21%	0.29%
6	Adopted surcharge rate (Ln Bb)	0.21%	0.21%
7	Incremental Surcharge rate reduction due to prior year accumulated fund balance (Ln 5-Ln 6)*	0.00%	0.08%
1	Actual based on twelve months recorded intrastate billings amount (September 2004 through August 2005)		
*	For informational purposes only		